



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5512-N-01]

Strong Cities, Strong Communities National Resource Network Pilot Program Advance Notice and Request for Comment

AGENCY: Office of the Assistant Secretary for Policy Development and Research, HUD.

ACTION: Notice.

SUMMARY: This notice announces HUD's intention to launch the Strong Cities, Strong Communities National Resource Network pilot program with its 19 federal agency and subagency partners of the White House Council on Strong Cities, Strong Communities (SC2). Through the SC2 National Resource Network, HUD and its partners will offer a central portal to connect America's most economically distressed local communities to national and local experts with wide-ranging experience and skills. The focus of the SC2 Network will be to strengthen the foundation for economic growth and resiliency in these communities—namely, local capacity, comprehensive planning, and regional collaboration. HUD will offer funding competitively through a Notice of Funding Availability (NOFA) for an intermediary to assist HUD with establishing and administering the program. As part of the Administration's efforts to increase transparency in government operations and to expand opportunities for stakeholders to engage in decision-making, HUD solicits comment through this notice on the proposed structure of the SC2 National Resource Network pilot program, and the criteria by which HUD and its interagency partners will select an intermediary for the pilot program. Feedback received in response to this notice will aid HUD and its partners in better understanding how this pilot program may help local communities respond to the strains of the current economic crisis. HUD

is seeking input from local governments, philanthropic organizations, private companies, community development entities, and a broad range of other stakeholders on how the program should be structured in order to have the most meaningful impact in rebuilding and growing local government capacity for good governance and economic growth.

DATES: Comment Due Date: **[Insert date 30 days from date of publication].**

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

Communications must refer to the above docket number and title. There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the www.regulations.gov website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket

number and title of the notice. *No Facsimile Comments.* Facsimile (FAX) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. Copies of all comments submitted are available for inspection and downloading at www.regulations.gov

FOR FURTHER INFORMATION CONTACT: Brittany Gibbs, Office of Policy Development and Research, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410; telephone number 202-402-2826 (this is not a toll-free number); email address: SC2Network@hud.gov. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800-877-8339. More information on Strong Cities, Strong Communities and updates are also available at <http://www.huduser.org/portal/sc2/newsletter.html>.

SUPPLEMENTARY INFORMATION

I. SC2 Network Pilot Program Overview

In July of 2011, the Obama Administration launched Strong Cities, Strong Communities (SC2), a new and customized pilot initiative to strengthen local capacity and spark economic growth in distressed local communities while ensuring taxpayer dollars are used wisely and efficiently. SC2 evolved from ongoing conversations with mayors, foundations, nonprofits, and

Members of Congress working in economically distressed communities, who consistently highlight strains on local governments, the way disjointed programs do not work well for them, and a strong and clear desire for a coordinated, ongoing relationship with the federal government. SC2 focuses on five goals to change this:

- **Improve the relationship between local and federal government:** SC2 seeks to break down traditional local and federal government silos, allowing the federal government to partner more effectively with localities that have faced significant long-term challenges.
- **Provide coordination and support:** SC2 provides on-the-ground technical assistance and planning resources tailored to a city's needs, while also assisting them to use federal funds more efficiently and effectively. SC2 provides the necessary technical expertise to help cities focus efforts around populations served by both federal and local programs.
- **Partner for economic growth:** SC2 assists cities in developing critical partnerships that focus on job creation, workforce improvement and economic development with key local and regional stakeholders that include municipal and state governments, the business community, non-profits, faith-based institutions, and other public, private, and philanthropic leaders. SC2 provides a customized approach to supporting communities on the ground in their efforts to create jobs and revitalize their economies.
- **Enhance local capacity:** Every community is unique, with its own set of challenges and opportunities. The key to winning the future is empowering communities to frame their own economic vision and then partnering with them to identify, strengthen and leverage the tremendous physical, commercial, and social assets that they possess. SC2 provides a number of local capacity-building tools to test various models of place-based technical

assistance to help cities and regions maximize the benefits from the federal funds they already receive and build resilient communities.

- **Encourage regional collaboration:** SC2 helps build regional relationships and foster new connections in order to strengthen regional economies to compete in an increasingly globalized world.

On March 15, 2012, President Obama signed an [Executive Order establishing a White House Council on Strong Cities, Strong Communities](#) composed of the heads of 19 agencies and sub-agencies along with 11 White House offices. Among other functions, the Council will:

- Coordinate agency efforts to ensure communities have access to comprehensive, localized technical assistance and planning resources to develop and execute their economic vision and strategies (including, where appropriate, efforts of existing committees or task forces related to providing technical assistance to local governments and improving their capacity to address economic issues);
- Provide recommendations to the President, through the Co Chairs on:
 - (i) policies for building local expertise in strengthening local economies;
 - (ii) changes to Federal policies and programs to address issues of special importance to cities and local governments that pertain to local capacity and economic growth;
 - (iii) implementing best practices from the SC2 initiative Government-wide to better support cities and local governments; and
 - (iv) opportunities to increase the flexible utilization of existing Federal program resources across agencies to enable more performance and outcome-based funding;
- Encourage the development of technical assistance, planning, and financing tools and implementation strategies that can be coordinated or aligned across agencies to assist

communities in building local capacity to address economic issues, engaging in comprehensive planning, and advancing regional collaboration; and

- Facilitate the exchange of ideas and strategies to help communities address economic challenges and create sustained economic opportunity.

There are four complementary components of the Strong Cities, Strong Communities initiative:

1. **SC2 Community Solutions Teams:** Community Solutions Teams comprised of federal employees from several different agencies are working directly with cities to support mayors in Chester, PA; Detroit, MI; Fresno, CA; Memphis, TN; New Orleans, LA; and the Northeast Ohio region, including Cleveland and Youngstown, OH. Community Solutions Teams assist cities with issues mayors have identified as vital to their economic strategies, including efforts to build on local assets, strengthen regional economies, develop transportation infrastructure, improve job-training programs and support community revitalization.
2. **SC2 Fellowship Program** will select, train, and place early- to mid-career professionals in local government positions within the same six cities/regions to serve two-year terms and build additional “bench-strength” capacity. The German Marshall Fund was selected in December 2011 to run the fellowship program and will competitively select Fellows for a planned deployment in the fall of 2012. The Program is funded by the Rockefeller Foundation, which donated \$2.5 million in initial funding to HUD.

Community Solutions teams and the Fellowship program are operating in the same six SC2 pilot cities/regions, which were selected on the basis of economic need, strong local leadership and collaboration, potential for economic growth, geographic diversity, and the ability to test the SC2 model across a range of environments. Federal assessment teams spent

time on the ground working directly with mayors and other local officials to determine needs, opportunities and gather input for the pilot initiative.

3. **SC2 Economic Visioning Challenge:** In addition to the six pilot locations, later this year SC2 will launch an Economic Visioning Challenge designed to help additional cities develop economic blueprints. This national grant competition will enable cities to adopt and implement innovative economic development strategies to support comprehensive city and regional planning efforts. Six additional cities will be competitively selected to receive a grant of approximately \$1 million that they will use to administer an “X-prize style” competition, whereby they will challenge multi-disciplinary teams of experts to develop comprehensive economic and land use proposals for their city. The Challenge will be administered by the Economic Development Administration (EDA) through a Federal Funding Notice (FFO) later this year, and EDA will assist cities in the administration of the competition.
4. **SC2 National Resource Network (SC2 Network):** The SC2 Network will take the model of Strong Cities, Strong Communities to a wider assortment of local governments, offering a single portal to a wide range of technical experts for shorter-term engagements. This resource will be available to governments who apply, prioritized by distress and readiness to act on the recommendations the SC2 Network provides to implement changes required. The extent of each engagement will be scaled to ensure a measurable impact, both for the community’s growth and resilience and the efficiency of public funds, particularly the federal funding streams they already receive.

To maximize the resources flowing to local governments, an intermediary will be competitively selected to run the SC2 Network’s daily operations. Using an outside

platform can leverage the federal government's investment with considerable private and philanthropic resources and pro bono services – similar efforts have annually leveraged more than six times their base investment. It also taps existing philanthropic and non-profit expertise to engage with and help improve federal programs. HUD will retain oversight through a cooperative agreement.

The SC2 model reflects the idea that local issues do not stop at federal agency boundaries, and that effective technical assistance must also target issues that cross federal funding sources. HUD was chosen to host the SC2 Network, but the Network can help cities find expertise across the range of SC2 agencies and outside partners, and efforts will be coordinated with the the three other components of SC2 and numerous other federal programs as appropriate. As an example, HUD, the Department of Justice (DOJ), the city government, and local philanthropy are working jointly in Youngstown, OH. Coordination and technical assistance through SC2/HUD helped the city partner with philanthropy to assess opportunities for efficiency in the city's operations. SC2 then linked Youngstown to the DOJ's Diagnostic Center, which helps mayors, policymakers, and other local leaders identify their public safety needs and implement evidence-based strategies. Similarly, HUD and the EDA are leveraging mutual investments in SC2. EDA plans to offer \$6 million to fund creation of economic blueprints for cities through the [SC2 Economic Visioning Challenge](#), and the SC2 Network will provide each city with assessments and technical assistance needed to help move from plans to implementation, described further under Section IV.

SC2 Network assistance is not intended to replace any technical assistance already provided by the federal government or another party, but aims to build general

local capacity to effectively access these programs. Through a comprehensive lens that crosses city departments and topics, the Network can help cities identify and coordinate simultaneous help from more specific programs such as DOJ's Diagnostic Center for public safety issues or HUD's OneCPD program to deal with Community Development Block Grant (CDBG), HOME, Investment Partnerships (HOME), and homelessness programs, and address the city's underlying fiscal or operational capacity needs to make the best use of both. An SC2 Network engagement might also help a city government solve and move beyond internal fiscal problems so it can begin engaging with its neighbors in regional growth and planning efforts to eventually join the Sustainable Communities Initiative of HUD, Department of Transportation (DOT), and Environmental Protection Agency (EPA).

II. Background

Rising costs and declining revenues bring local governments closer to bankruptcy and further from solutions to the ever more complex challenges their communities face. Almost all state and local governments are required to balance their budgets, leaving no buffer during these very tough economic times.

Local governments have many partners to help, but a major impediment to supporting and developing the capacity of places with chronic challenges is the limited number of organizations with expertise in turning whole regions and cities around. The field is rich with organizations and intermediaries with experience in neighborhood development and revitalization, but very thin in organizations that take a holistic approach to urban and regional economic development. Much of this expertise is spread across a variety of organizations that

play niche roles – public management, fiscal reform, land use development, business attraction and retention, workforce development, etc.

There are a number of federal programs dedicated to improving urban economic conditions, in some cases through a capacity-building strategy. Most of these efforts are not responsive to local needs and conditions. They require an extended time frame, and it can be difficult for local governments to determine which agency and program to approach for aid when their challenges cut across agency topics. The SC2 Network will coordinate these separate pools of deep expertise with the needs of each community, deploying the tool that is actually needed and making the overall investment more effective and efficient. HUD will serve this coordinating role, building on its direct relationships with communities and founding mandate in the 1965 Department of Housing and Urban Development Act to “Exercise leadership at the direction of the President in coordinating activities affecting housing and urban development; provide technical assistance and information, including a clearinghouse service to aid State, county, town, village, or other local governments in developing solutions to community and metropolitan development problems.”¹

III. SC2 Network Pilot Program Objectives

To achieve the goals of the program, HUD intends to select an intermediary through a competitive process. This intermediary must:

- Build and manage a team of expert technical service providers, potentially including consulting firms, practitioners, academics, intermediaries, and peer localities that represent the breadth of relevant expertise. Capacities should include, but are not limited to: public budgeting, governance reform, system and process management, grants management, human capital policies and procedures, finance, economic development and

¹ 42 USC 44 3532(b)

redevelopment, staff capacity assessment, relationship assessment, and federal funding regulations;

- Effectively leverage philanthropic resources, both through building upon existing connections between foundations, issue area experts, and local governments and through forging new linkages and partnerships;
- Enlist the support of both paid and pro bono technical service providers, maximizing the program's reach;
- Carefully document and evaluate interventions to build a series of best practice strategies that can benefit places with similar challenges, and develop forums for sharing this knowledge;
- Create and support a peer-to-peer network to share lessons learned;
- Increase the capacity of participating governments in the area of intervention, not just provide a one-time service that they cannot replicate, including investing in an initial alignment effort for communities with potential private and philanthropic resources to sustain local capacity building over a longer term;
- Align with other federal, state, and, local programs to enhance coordination and avoid duplicating efforts – for example, regional planning through DOT/EPA/HUD Sustainable Communities Initiative, the Neighborhood Revitalization Initiative of HUD, Department of Education (ED), DOJ, Department of Health and Human Services (HHS), EDA's Regional Innovation Clusters, DOJ's Diagnostic Center, Federal Emergency Management Agency (FEMA) preparedness technical assistance, or HUD's OneCPD technical assistance;

- Identify for the SC2 Council how federal policy changes could help local governments better achieve their economic development visions, and other policies, systems, and practices that support holistic and sustainable economic development; and
- Generate a sustainable model that could, under appropriate conditions, be spun off into an independent entity.

IV. General SC2 Network Pilot Program Parameters

Final funding levels are not yet established, but HUD currently plans to launch the National Resource Network (SC2 Network) using approximately \$5,000,000 from its fiscal year 2012 appropriation for the Transformation Initiative and will publish a Notice of Funding Availability (NOFA) later this year to select an intermediary who will administer the program. HUD's fiscal year 2013 budget also requests additional funds to serve more communities, subject to appropriations.

HUD intends to select a single grantee to administer the SC2 Network ("SC2 Network Administrator") and will fund the successful SC2 Network grantee under a cooperative agreement. The comments received from this notice will inform the NOFA HUD publishes later this year, which will detail the program and application requirements for potential intermediary organizations. HUD anticipates having substantial involvement in the work being conducted under this forthcoming award to ensure that the purposes of the SC2 Network are being carried out and that technical service providers and units of local government are following through on their commitments to local and regional development. HUD's involvement includes monitoring that progress is being made in meeting established performance metrics and ensuring consistency in projects across participating jurisdictions.

To be able to respond to the varying needs of different localities, the SC2 Network will leverage the expertise of multiple federal agencies, the philanthropic community, the business community, anchor institutions, and lessons learned by other local governments. A primary focus of the Network's direct assistance will be basic operational issues such revenue/service analysis and performance management. Building capacity in these areas without necessarily focusing on a specific federal program is not targeted by any other federal technical assistance (TA) program, and since SC2 specifically targets low-capacity governments, HUD expects budget shortfalls and operational/program efficiency issues to be common across most, if not all, cities assisted. This also provides a solid base from which the Network can clearly identify other TA needs. It will also assist across a wide range of basic capacity issues as local needs dictate, connecting to existing programs whenever possible, such as: Economic Development (economic visioning, job market analysis, cluster analysis and engagement); Workforce Development (job training strategies, industry needs analysis, cradle-to-career education reform); Public Safety (juvenile justice, corrections restructuring, policing strategies); and Sustainable Land Use (brownfield redevelopment, corridor planning, consolidated transportation & housing plans).

As an example, a city might come to the SC2 Network for help with a structural budget deficit. The Network would tap its contracted or private partner experts in public management who would work with city leadership to develop sustainable revenue and spending plans. These plans might suggest a redevelopment of vacant industrial areas into technology parks, open space, or housing, requiring revisions to land use and zoning. The SC2 Network would identify whether HUD, EPA, or Commerce, for example, might be available to advise the city. If not and this was a crucial step for the city to reach its goals, the SC2 Network could directly engage a

land use expert to assist with the physical layout, while ensuring coordination with its public management experts.

V. Eligible Applicants to be SC2 Network Administrator

HUD plans that eligible applicants for the SC2 Network Administrator will include: nonprofit organizations, foundations, educational institutions, for-profit companies, or consortia of these entities with demonstrated ability to raise philanthropic support. The Administrator must have a demonstrated ability to engage and maintain relationships with a diverse group of technical service providers across a broad range of disciplines and partner with philanthropies and units of general local government to advance the objectives of the SC2 Network program. The Administrator must also have a demonstrated ability to obtain other community, private sector, and federal resources that can be combined with HUD's program resources to achieve program objectives.

In addition, under the NOFA process, applicants to become the Administrator will be required to meet all threshold requirements contained in HUD's Fiscal Year 2012 NOFA General Section, including requirements addressing civil rights and other cross-cutting requirements applicable to federal funding.²

VI. Eligible Activities

The SC2 Network will carry out three categories of activities. The first involves establishing the organization, its procedures, and operationalizing further activities. The second involves limited-length engagements with individual local communities – the core of the SC2 Network's work. The third category targets a limited number of cities or counties where an alignment of organizations can sustain local capacity building over a longer term through Local

² See http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa12/gensec and <http://portal.hud.gov/hudportal/documents/huddoc?id=2012gensecNOFA.pdf>.

Resource Networks. Applicants to be the SC2 Network Administrator will not be limited to the activities described below and may suggest additions within these categories.

Category 1: Establishing the SC2 Network

As a pilot, SC2 Network must establish its operating procedures to truly be a place-based single portal for technical assistance. HUD expects this category will form no more than 30 percent of the SC2 Network's activities in this first pilot phase, but would drop to no more than 15 percent after the first year of funding.

- (1) Identify technical experts that can fulfill anticipated needs of applicants for SC2 Network services. Determine structures necessary to obtain, support and nurture a roster of both paid and pro-bono experts.
- (2) Advertise the SC2 Network's availability to eligible local communities;
- (3) Manage requests for assistance based on the priorities outlined in the applicant's proposal and agreed upon with HUD, working with the applicant to fully understand and document the scope of their proposed challenges, determining whether SC2 Network assistance is appropriate, and documenting recommendations;
- (4) Identify and maintain a catalog of other technical assistance programs eligible to local governments, regularly communicate with staff of major programs on potentially alignment with the SC2 Network, and refer applying governments to them as applicable;
- (5) Document and evaluate the effectiveness of the individual interventions and the SC2 Network as a whole;
- (6) Maintain an easily accessible online resource bank of all materials generated that could have utility for other governments and practitioners and create a strong peer-to-peer network so information and experiences can be routinely transmitted and shared; and

(7) Regularly report to HUD and its interagency partners on potential regulatory barriers to be addressed and other potential improvements to federal programs identified through SC2 Network projects.

The peer-to-peer network is a particularly important part of this category for the goals of SC2. HUD envisions it would utilize three mediums—meetings, webinars and an online forum—to aggregate and distribute information and resources. Cities will have the opportunity to participate in various meetings and webinars, as well as have access to an online forum that will house relevant information and resources on the SC2 Initiative. In addition, these mediums will facilitate peer exchanges that help to promote knowledge sharing among cities and stakeholders that are working to devise solutions to address their economic challenges.

Category 2: Individual local government engagements

Individual engagements with local communities are the core of the SC2 Network's work. While Category 1 will be emphasized in the first pilot phase starting in 2012, the SC2 Network must also use a minimum of 50 percent of its funds to perform the following Category 2 activities in local communities during the pilot. Category 2 is envisioned to become the bulk of the SC2 Network's activities after the first pilot year.

(8) Work with the technical assistance providers to help an applicant government articulate what it is trying to achieve from its request;

(9) Build a reasonable technical assistance plan to achieve those results;

(10) Provide funds to the appropriate technical assistance providers sufficient to administer the services set out in the technical assistance plan;

(11) Facilitate the deployment of permanent or part-time staff temporarily to the locality (fellows, volunteers, etc.), if available;

(12) Document the request, proposed scope of work, and expected result via a technical assistance plan; and

(13) Assist the local government in identifying other federal, state, local, and privately-funded programs and services that could be appropriate to support follow-on work.

Within Category 2, the SC2 Network must include assessments for all six cities receiving grants from EDA through the Economic Visioning Challenge. The Network will determine where outside expertise can best help these six cities act on their new economic blueprints, and will also advise and help connect cities to technical assistance programs they could engage. These assessments should comprise no more than 50 percent of resources used for Category 2 activities.

Category 3: Local Resource Networks

In a limited number of cities or regions, the SC2 Network may also create and support Local Resource Networks. HUD recognizes that some places have community or local foundations and engaged private industries able to provide resources that, if properly aligned, might replicate the objectives of the SC2 National Resource Network on a local level. These scaled versions of the SC2 Network would sustainably support local government capacity, and might free the SC2 Network and other federal resources to serve other economically-distressed communities. As described in Soundness of Approach section below, the SC2 Network must insure these places meet certain requirements. The SC2 Network may elect to use a small portion of its resources in this category, with no more than \$500,000 provided to an individual city or region for the following activities.

(14) Identify cities or regions where LRNs may be viable and recruit potential local lead organizations;

(15) Provide funds to a local lead organization to create a business plan for the Local Resource Network, support assembling a leadership team from the public, private, and non-profit sectors, and recruit private or non-profit partners to dedicate pro bono teams;

VII. Selection Criteria for SC2 Administrator

HUD is not proposing a fixed model for the SC2 Network, but will seek proposals for its structure from applicants. The SC2 Network Administrator will be selected through a competition that prioritizes prior experience in assisting economically-distressed cities across a wide range of places and issues, and delivering results to these communities on a specific timetable. The successful Administrator should be:

1. Place-based. The selected organization, buoyed by support of agencies and the philanthropic community, will already have experience working in many distressed cities, and will be able to match these cities to relevant technical experts quickly and efficiently.
2. Resource-maximizing. The selected organization will have a national scope and will be well-accustomed to the challenge of distributing scarce resources across cities with distinct needs. The ability to effectively evaluate requests for service will be paramount to using the SC2 Network's resources to their greatest potential. Maximizing resources means successfully obtaining philanthropic resources and pro bono services, balanced with paid consultants as needed.
3. Nimble, responsive, and service-oriented for cities. The SC2 Network will be designed to provide very timely assistance that can thoroughly understand and adapt to needs on the ground. Its deep team of technical experts will allow for subject area experts to be assigned quickly and, when necessary, for partnerships between experts on issues that require multiple skill sets and excellent customer service skills.

4. Objective. In some cases, procedures or regulations may be a barrier to local capacity-building action. The SC2 Network's external operation will grant a layer of objectivity to facilitate local partnering and honest feedback to HUD and the other SC2 agencies for relieving burdens on local governments, while retaining accountability for results.
5. Sustainable. The intermediary selected will have the nonprofit management expertise required to make the SC2 Network financially sustainable, and as an outside entity, this organization can attract philanthropic funding and potentially multiply HUD's investment several times over. This structure intentionally allows the SC2 Network to continue supporting local governments on as minimal an investment as possible.

Rating factors for selecting the SC2 Administrator will therefore focus on the following criteria:

CAPACITY AND RELEVANT ORGANIZATIONAL EXPERIENCE

HUD will carefully evaluate descriptions of the organizational structure of Administrator applicants for a demonstration that it can successfully implement the proposed activities in a timely manner. Applicants will need to describe their capacity to perform the activities of the SC2 Network and relevant experience within the last 3 years.

HUD is particularly interested in the Administrator's experience in leveraging philanthropic support, contracting with technical service providers, understanding available federal government resources, and working with local governments. The SC2 Network should create a balance of engaging paid experts when necessary while maximizing contributions of pro bono services to maximize the services the SC2 Network can provide.

The Administrator will need to demonstrate they either have sufficient personnel or the ability to procure qualified experts or professionals with the requisite knowledge, skills, and abilities in preparing and coordinating the development of the SC2 Network. The Administrator

should be prepared to initiate eligible activities according to a specific timetable they propose and negotiate with HUD.

NEED/EXTENT OF THE PROBLEM

The SC2 Network Administrator must have an understanding of the problems necessitating assistance from the SC2 Network based on thorough, credible, and appropriate data and information. HUD will evaluate applicants on their documented description of significant obstacles to capacity building at the local government level. Applicants will be evaluated on their understanding of existing models of technical assistance provision and capacity building for local governments that might inform the SC2 Network, along with the limitations of these models.

SOUNDNESS OF APPROACH

The structure for the SC2 Network proposed by Administrator applicants will be a major factor in HUD's selection. Applicants must propose how they will structure the SC2 Network and how the activities they will pursue address the problems identified in local government capacity. The Administrator will be required to develop a work plan that includes specific, measurable, and time-phased objectives for each activity.

Process to Develop and Maintain a Network of Expert Technical Service Providers

The SC2 Network Administrator will require in-house expertise and a process for obtaining the services of other qualified experts with the requisite knowledge, skills, and abilities as needed. The ability to work on a wide range of issues will be important, as well as the ability to work in a wide range of locations. In particular, the applicant should demonstrate an ability to collaborate and coordinate with other organizations, experts, and sectors in delivering assistance to local communities through the SC2 Network. Also important is the leverage of pro bono

services from the private or non-profit sectors to serve these functions, but the plan must balance these with paid consultants from the non-profit and private sectors when local needs require them. The Administrator must develop plans for evaluating their team of experts, including measures that will be taken if an individual's work proves unsatisfactory.

STRATEGY FOR EVALUATING REQUESTS FOR SERVICE

HUD expects that more local governments will request the services of the SC2 Network than the SC2 Network is able to engage, particularly in the first year. SC2 Network Administrator applicants must propose a prioritization system in their applications that could include:

- The community's ranking on a relative distress scale (using data provided by HUD and other SC2 agencies and from other sources as appropriate);
- Scope/cost of request;
- Letters of commitment for support/staff time from directors of offices;
- Willingness of the government to commit to attaining certain performance standards;
- Demonstration of partnerships/collaboration between local government offices;
- Referral from another SC2 agency technical assistance program that is assisting the local government but recommends broader assistance beyond its allowed scope;
- Evidence that the government has made/is making efforts to address the issue; and
- Other criteria the applicant deems important to creating the greatest impact in improved local capacity and use of funds, with a justification of its importance.

The criteria proposed should allow the SC2 Network to provide assistance to as many governments as possible while providing a meaningful intervention according to the program's objectives. Administrator applicants' descriptions of criteria should relate to the existing models

of technical assistance provision and capacity building they describe under Need/Extent of the Problem. Applicants should describe why each criterion will succeed in targeting and overcoming the capacity problems they have documented.

Administrator applicants also must propose criteria for engaging in Category 3 activities to establish Local Resource Networks. At a minimum, these must include:

- Demonstration of sufficient private sector or non-profit partners with appropriate pro bono technical services to contribute;
- Demonstration of matching funds from a local non-profit or private source; and
- Demonstration of support from the local government.

LEVERAGE

HUD has reoriented a part of its technical assistance funds to create the single comprehensive clearinghouse, and other agencies on the White House SC2 Council have identified linked technical assistance support. HUD and the SC2 Council cannot, and are not intending to, provide the full technical assistance resources necessary given the scope of local needs. This is intentional to make the investment go further through private leverage and make the SC2 Network less dependent on a single stream of funds. Moreover, leveraging outside investments builds in engagement of the expertise that already exists in the philanthropic, non-profit, and private sectors for this work, and creates a relationship between these efforts and government programs to encourage mutual improvement rather than working around each other and duplicating efforts. Applicants will be scored on firm commitments from other community, private sector, and federal resources that can be combined with HUD's program resources to achieve program objectives, and that are contingent only on the applicant's selection as the SC2 Network Administrator. Greater collaboration between government and other sectors is an SC2

Network goal, so resources must include in-kind pro bono contributions of services allocated to the proposed program and may also include cash. Financial resources must be shown to be dedicated solely to the efforts of the SC2 Network. In evaluating this factor, HUD will consider the extent to which the Administrator applicant has established working partnerships with other entities to get additional resources or commitments that increase the effectiveness of the proposed program activities. Resources may be provided by governmental entities, public or private organizations, or other entities.

ACHIEVING RESULTS AND PROGRAM EVALUATION

Because the SC2 Network seeks support to develop and implement long-range capacity improvements for local governments, not all outcomes will be realized during the duration of the grant period. Rather, Administrator applicants will be evaluated on their ability to identify the outcomes they seek to achieve and the specificity of the benchmarks that they establish to measure progress toward a completed product that guides all of the necessary work.

The White House SC2 Council is working to track the outcomes of its work on all components of SC2, and the SC2 Network Administrator will be required to coordinate with these efforts and track comparable outputs and outcomes in its work. These might include the number of Network recommendations implemented and how quickly, the pace of expenditure of federal funds, the number of successful applications for federal funds, and the extent of collaborative stakeholder network supporting implementation of the city's comprehensive economic strategy. The Network Administrator will be expected to develop and track specific measures for its works, including progress on budget deficits and municipal bond ratings. For every engagement, the Network Administrator must create a clear logic model describing issues

targeted, what it seeks to achieve, the benchmarks that show success, and the steps the Network will take to reach success.

VIII. Solicitation of Comments on Proposed Program Structure

As noted above, HUD and its SC2 agency partners are soliciting comments through this Advance Notice on how the SC2 Network pilot program should be structured, what funding categories and activities are most appropriate to support, which entities should be eligible for SC2 Network Administrator, and how best to evaluate proposed SC2 Network structures in order to have the most meaningful impact in rebuilding and growing local government capacity for good governance and economic growth. The discussion below outlines in general terms the key questions HUD is considering in preparing the final NOFA for the program and identifies some specific issues for comment.

A. Eligible Activities

- a. Given the limited resources available and potentially large demand for services from cities, are there certain activities the SC2 Network should focus on or prioritize, either by topic or by the four types of activities described: (1) operational/program/fiscal assessments, (2) connection/clearinghouse for federal TA, (3) direct TA provision when necessary, and (4) Local Resource Networks?
- b. Are there specific activities or criteria for funding Local Resource Networks that would increase the success of these efforts, and why?
- c. Given limited funding for an initial pilot, what is a minimum funding amount necessary to make the Local Resource Network activities described viable for this stage of the program?

- d. Are there currently efforts underway or proposed in individual cities or regions that would meet the criteria for Local Resource Networks, and if so, in which places?

B. Selection Criteria

- a. What are the top capacity challenges governments in distressed communities face, and on what issues do they most require technical assistance?
- b. What is an appropriate minimum level of assistance to make a meaningful impact for a given local government? Given the proposed funding levels, what is an appropriate maximum level of assistance, or how many governments might be assisted given the \$5,000,000 total funding HUD has proposed?
- c. What are current successful organizational models similar to the SC2 Network that might serve as guides for its structure? Which aspects of these models contribute most to their success (e.g., leveraging philanthropic support, engaging pro bono services, working in diverse communities, working on diverse topics)?
- d. What are current successful technical assistance and/or capacity building models for local government and specific city case studies that the SC2 Network might use as best practices?
- e. What are feasible 6-month, 1-year, 2-year, 5-year, and 10-year outcomes for local communities assisted by the SC2 Network? Are any of these outcomes universal for all

sizes and places, or will they vary by the individual circumstances of each government?

What type of shorter-term benchmarks are most appropriate for evaluating success?

f. Which of the criteria listed for prioritizing requests from local governments are most important, and what are additional criteria that should be included?

g. What type of information will the Network need from cities to understand need and readiness, and to determine the proper extent of engagement with the Network?

While these are issues of particular interest, HUD encourages meaningful input on the proposed SC2 Network program more generally as well. If providing comments and addressing the comments for which HUD specifically solicits feedback, HUD requests that commenters please respond to the specified questions first in addition to other comments you would like to provide. HUD has provided the avenues for input in the ADDRESSES section of this notice.

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